

November 12, 2009

Members of the Health and Human Services Interim Committee
State Capitol
Salt Lake City, Utah

Dear Members:

Utah Code Section 31A-22-633 directs the Utah Department of Health (Department) to provide an annual report on Medicaid waiver programs that offer less than the state defined "basic benefit" for health insurance. The Primary Care Network (PCN) program is the State's limited benefit Medicaid program. The Department submits the following report as directed by statute.

- **Requirement 1 – Number of Lives Covered by PCN in FY 2009**

Average monthly enrollment in PCN was 19,424.

In order to remain within the appropriated budget, new enrollment in the PCN program has been closed since April 30, 2009. Another open enrollment will be conducted in FY 2010 in order to comply with federal stimulus requirements that prohibit changes to eligibility policies and practices.

- **Requirement 2 – Claims Experienced by PCN in FY 2009**

Total PCN claims were \$22,923,335. This figure does not include some gross adjustments including pharmacy rebates.

- **Requirement 3 – Cost Shifting for Services not Covered by PCN in FY 2009**

PCN does not cover two major medical benefits – specialty care services and inpatient hospital.

Although PCN does not pay for specialty care, the program is committed to finding and arranging specialized care for clients when possible. If a client needs to see a specialist, they must first get a referral from their primary care provider. Then, a specialty care coordinator from the Utah Department of Health will try to find these services for the client. In some cases, free or discounted services may be available; however, in other cases, the client may need to pay for the services. In FY 2009, the Department received 1,933 referrals for specialty care and arranged 584 specialty care visits. However, the Department has not been able to calculate the PCN cost shifting for specialty care services because it does not know how many specialty care services clients obtain through other means nor does it know if clients paid for those services.

Hospitals have historically agreed to donate \$10 million in inpatient care for PCN clients in consideration for an increase in inpatient rates for Medicaid clients. However, as of July 1, 2007, the hospitals no longer participated in this donation arrangement. For FY

2008, individual hospitals decided whether they directly charged PCN clients for inpatient stays or if the hospital waived the fees through the hospital's charity care process. The Department no longer calculates the cost shifting for inpatient services because these costs are no longer reported to the Department.

For additional information on PCN benefits and other aspects of the program, please see the PCN web site at www.health.utah.gov/pcn.

- **Requirement 4 – Efforts to Combine Public and Employer-Sponsored Coverage to Increase Coverage**

On November 1, 2006, the Department began accepting applications for Utah's Premium Partnership for Health Insurance (UPP). The program pays up to \$150 per month per adult and up to \$100 per month per child when they enroll in a qualified employer-sponsored health plan. The subsidy helps to offset the employee's share of the premium cost. The program covers adults up to 150 percent of the federal poverty level and children up to 200 percent of the federal poverty level. As of September 30, 2009, 249 adults and 521 children were enrolled in UPP.

The Department continues to work with health insurance brokers and businesses to promote the program. The Department has provided training and over 4,500 brochures and other materials to businesses, benefit managers and brokers to inform them and their employees regarding UPP.

House Bill 133 (2008) directed the Department to work with the federal government to allow UPP to cover individual policies. On September 9, 2008, the Department submitted a waiver amendment requesting that UPP be allowed to cover individual policies, HIPUtah, and COBRA. CMS has not taken action on the September 9, 2008 waiver request. However, on June 29, 2009, the Department submitted a second waiver amendment specific to COBRA continuation coverage in hopes of maximizing the benefit of UPP in conjunction with the ARRA COBRA employer subsidy. The COBRA only amendment is very close to approval and could be implemented as early as December 2009.

For additional information, please see the UPP web site at www.health.utah.gov/upp.

Sincerely,

Nathan Checketts
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Division of Medicaid and Health Financing
Utah Department of Health